

NEWS RELEASE

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AG REILLY AND DTE CHAIRMAN AFONSO ANNOUNCE AT & T ACCORD REFUNDING 40,000 MASS CONSUMERS, PROVIDING CALLING CARDS TO NATIONAL GUARD

BOSTON - A T & T has agreed to a comprehensive settlement package -- that includes more than \$400,000 in restitution and calling cards for National Guard members based overseas -- to resolve allegations that the company improperly billed at least 40,000 Massachusetts consumers for long distance service, Attorney General Tom Reilly and Department of Telecommunications and Energy (DTE) Chairman Paul G. Afonso announced today.

The settlement, filed today in Suffolk Superior Court, stems from allegations that the company erroneously billed Massachusetts consumers close to \$4 a month for an estimated two and a half months. As part of this settlement, AT & T has already refunded or credited more than \$400,000 -- or an estimated \$10 each - to affected Massachusetts consumers.

"I am pleased that this company is taking the steps necessary to correct the harm done to Massachusetts consumers," AG Reilly said. "This agreement not only refunds affected individuals here in the Commonwealth, but provides the men and women of the National Guard, who are serving overseas in Iraq and Afghanistan, with an opportunity to call home."

As part of the settlement, AT & T will deliver 1,100 calling cards -- with an estimated 20 minutes of calling time from Iraq or Afghanistan -- to members of the Massachusetts National Guard. The retail value of these cards is approximately \$25,000.

"Today's settlement ensures that customers will be billed correctly and only for the services they use, while serving notice that improper billing practices will not be tolerated in any form," DTE Chairman Afonso said. "I am grateful for the good work done by the consumer investigators at the DTE and the work by the Attorney General's Office in reaching this fair and important settlement."

"Staying in touch with loved ones is vitally important to our Guard members overseas," Major General George W. Keefe said. "These phone cards will mean a lot to them and their families."

The settlement also addresses customer service issues and consumers'

ability to cancel their long-distance service with AT&T. Under the terms of the agreement, AT&T must address consumers "courteously" and provide a manager when requested. The company must also clearly and conspicuously provide its long distance service cancellation policy in writing on its website and on the phone.

To avoid billing problems in the future, AT&T must maintain an accurate list of Massachusetts customers and certify that it has ceased collection and correct negative credit reports regarding erroneous billing. AT&T must also stop any marketing relating to inquiries about erroneous billing and provide AG Reilly's Office with a 90-day status report on affected consumers and refund activity.

In addition, AT&T will also pay \$140,000 to the Commonwealth, the majority of which will go to the Massachusetts Local Consumer Aid Fund.

AG Reilly's Office was referred this case by the DTE, which received close to 900 complaints. Several state Attorneys General have brought cases against AT & T alleging similar consumer violations. Nationwide an estimated one million consumers were improperly billed.

Assistant Attorneys General Geoffrey G. Why and Scott D. Schafer of AG Reilly's Consumer Protection and Antitrust Division, Assistant Attorney General Karlen J. Reed of AG Reilly's Utilities Division, and Assistant Attorney General Glen M. Shor, handled this case with assistance from Karen Robinson, who directs the DTE's Consumer Division.

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